

For: State and County Offices

**Additional Marketing Assistance Loan and LDP Provisions for Approved Offset Charges,
Segregation 2 and 3 Peanuts, Peanuts Harvested for Hay and Green Peanuts**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for 2002 through 2007 crop years peanut marketing assistance loans and LDP's be made available to eligible producers who produce and harvest peanuts.

7 CFR Part 1421 published on October 11, 2002, defined the marketing assistance loan and LDP provisions for peanuts. State and County Offices were authorized to make loans and LDP's for peanuts on October 8, 2002. The regulations were filed for public inspection on October 8, 2002.

B

Purpose

This notice provides policy and procedures for:

- handling:
 - statement of charges attached to peanut warehouse receipts
 - Segregation 2 and 3 peanut loan and LDP requests
 - peanuts harvested for hay
 - green peanuts
- determining eligible quantity for:
 - loan and LDP when using warehouse receipt
 - LDP when using FSA-1007 for production evidence.

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Disposal Date June 1, 2003	Distribution State Offices; States Offices relay to County Offices
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1 Overview (Continued)

C

Contact

State Offices shall direct questions about this notice to:

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2 Statement of Charges

A

Authorizing Offsets of Unpaid Charges

8-LP, paragraphs 410 and 450, provide policies and procedures for authorizing offsets of amounts, contained on a separate statement of unpaid charges or a separate bill for unpaid charges, from the loan proceeds. These charges must be associated with the following:

- handling of the commodity represented by the warehouse receipt
- marketing of the commodity pledged for loan collateral.

For peanuts, County Offices are authorized to offset charges associated with cleaning and drying of peanuts from the producer's loan proceeds. These charges must be included on CCC-679, block 8 (3), if an offset will be made for these charges.

All charges other than for cleaning and drying of loan collateral peanuts must be approved by the Deputy Administrator, Farm Programs (DAFP) before the offset can be applied to the loan proceeds.

Although 8-LP, subparagraph 451 B instructs County Offices not to accept warehouse receipts for loan purposes that show a lien on the commodity for specified charges, such as drying and hauling, some County Offices have received warehouse receipts revised to include these charges. These warehouse receipts are not eligible for loan purposes unless the issuing warehouse lines through and initials the entry or submits a lien waiver for the specified charges on each applicable warehouse receipt. These charges included on a separate statement of charges or bill that is not part of the warehouse receipt shall be considered an offset amount and not a lien.

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2 Statement of Charges (Continued)

B

**Request for
Additional
Charges To Be
Offset**

State and County Offices must request DAFP concurrence for any charges, except for cleaning and drying costs, associated with the handling of peanuts that will be offset from a producer's loan proceeds.

3 Additional Nonrecourse Marketing Assistance Peanut Loan and LDP Provisions

A

General

Eligible producers who produce and harvest peanuts are eligible for a warehouse-stored or farm-stored nonrecourse loan for any production produced on the farm.

Eligible types of peanuts include Runner, Virginia, Valencia, and Spanish.

Warehouse-stored loan peanuts must be stored in a CCC-approved warehouse. Farm-stored peanuts must be stored in an approved farm storage structure to be eligible for loan. Storage requirements do not apply to LDP's.

B

**Segregation 2
and 3**

Segregation 2 and 3 peanuts are eligible for a nonrecourse marketing assistance loan or LDP. The quantity of Segregation 2 and 3 peanuts eligible for loan or LDP shall be the net weight which includes the loose shelled kernel (LSK) pounds or ton.

Segregation 2 and 3 peanuts pledged as collateral for loan:

- will be discounted to 35 percent of the national loan rate for the applicable type
- will **not** be subject to any other discounts.

Segregation 2 and 3 peanuts are eligible for LDP. Eligible quantity will be based on net quantity according to acceptable production evidence.

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3 Additional Nonrecourse Marketing Assistance Peanut Loan and LDP Provisions (Continued)

**C
Determining
Loan and LDP
Quantities**

Eligible quantities for:

- loans on warehouse-stored:
 - Seg 1 peanuts shall be the net pounds
 - Seg 2 or 3 peanuts shall be the sum of net pounds plus LSK pounds
- LDP's requested on **all** grades of peanuts using:
 - a warehouse receipt shall be the sum of net pounds plus LSK pounds
 - FSA-1007 shall be the "net weight" provided on Line G of Section II.

LSK pounds **are not** entered in APSS when recording warehouse receipt information. Therefore, County Offices shall, when applicable:

- add the net pounds and LSK pounds, and enter the figure as the net weight on Screen PLC20000
- divide the sum of the net pounds and LSK pounds by 2000, rounded to 2 decimal places, and enter this figure as the net tons on Screen PLC20000.

Note: See Exhibit 1 for examples.

**D
Peanuts
Harvested for
Hay and Green
Peanuts**

Peanuts harvested other than for nuts, including hay, are eligible for LDP's. Peanuts harvested as green peanuts are also eligible for LDP's. Green peanuts are peanuts which, before drying or removal of moisture from the peanuts either by natural or artificial means, are marketed by the producer for consumption exclusively as boiled peanuts.

Note: County Offices must determine the maximum eligible quantity according to 8-LP, paragraphs 536.

Example of Determining Eligible Loan and LDP Quantity for Segregation 2 and 3 Peanuts

Example 1 Using warehouse receipt to determine eligible loan quantity.

Producer A requests for a loan on Segregation 2, Runner type peanuts represented by a warehouse receipt. The warehouse receipt has the following information.

- “Net Pounds” = 7,133
- “LSK Pounds” = 157

Eligible Quantity:

- Pounds: $7,133 + 157 = 7,290$
- Tons: $7,290 \div 2,000 = 3.65$

Loan Rate Per Ton of Segregation 2 and 3, Runner peanuts:

- 35 percent of \$355.72 = \$124.50/ton

Loan Amount:

- $\$124.50 \times 3.65 \text{ tons} = \454.43
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Example 2 Using warehouse receipt as production evidence to determine eligible LDP quantity.

Producer B requests for LDP on Segregation 2, Virginia type peanuts represented by a warehouse receipt. The warehouse receipt has the following information.

- “Net Pounds” = 14,917
- “LSK Pounds” = 457

Eligible Quantity:

- Pounds: $14,917 + 457 = 15,374$
- Tons: $15,374 \div 2,000 = 7.69$

LDP Rate Per Ton of Virginia peanuts:

- $\$353.66 - \$332.60 = \$21.06/\text{ton}$
(Loan Rate = \$353.66/ton; National Posted Price = \$332.60/ton)

LDP Amount:

- $\$21.06 \times 7.69 \text{ tons} = \161.95
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**Example of Determining Eligible Loan and LDP Quantity for Segregation 2 and 3 Peanuts
(Continued)**

Example 3 Using FSA-1007 as production evidence to determine eligible LDP quantity.

Producer C requests for LDP on Segregation 3, Runner type peanuts represented by FSA-1007.

- Line G Section II, of the form shows “Net Weight” = 4,320.

Eligible Quantity:

- Pounds: 4,320
- Tons: $4,320 \div 2,000 = 2.16$

LDP Rate Per Ton of Runner peanuts:

- $\$355.72 - \$334.72 = \$21.00/\text{ton}$
(Loan Rate = $\$355.72/\text{ton}$; National Posted Price = $\$334.72/\text{ton}$)

LDP Amount:

- $\$21.00 \times 2.16 \text{ tons} = \45.36
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